

STATE OF MICHIGAN  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
 FISCAL YEAR ENDED SEPTEMBER 30, 2000

## NOTE 24 – FUND BALANCES

### A. Reservations - Primary Government

The line entitled "Reserved fund balance" on the Combined Balance Sheet at September 30 consists of the following (in millions):

	General	Special Revenue	Capital Projects	Pension Trust	Total
Budgetary carry-forwards:					
Encumbrances	\$ 154.2	\$ 113.3	\$ -	\$ -	\$ 267.5
Restricted revenues	757.3	333.5	-	-	1,090.8
Multi-year projects (capital outlay and work projects)	611.6	412.9	-	-	1,024.5
Construction	-	-	11.3	-	11.3
Debt service		35.9			35.9
Revolving loan programs	5.0	29.5	-	-	34.5
Funds held as permanent investments	-	429.2	-	-	429.2
Noncurrent assets	361.4	30.8	-	-	392.3
Pension benefits	-	-	-	53,607.2	53,607.2
Postemployment health-care benefits	-	-	-	150.9	150.9
Total Reserved Fund Balances	<u>\$ 1,889.5</u>	<u>\$ 1,385.1</u>	<u>\$ 11.3</u>	<u>\$ 53,758.2</u>	<u>\$ 57,044.1</u>

Budgetary carry-forwards represent unused spending authorization which continues to be available in the new year. Restricted revenue carry-forwards include revenues restricted by law for specified purposes. The largest restricted revenue carry-forwards in the General Fund are related to Medicaid Benefits Trust, \$239.2 million, and local government revenue sharing, \$203.9 million. Beginning in 1996, encumbrances in multi-year projects are recorded on the balance sheet in the reserve for

encumbrances. Similar amounts in previous years had not been specifically identified, and were thus included in the broader reserve for multi-year projects. The \$611.6 million of multi-year projects in the General Fund includes \$331.0 million of capital outlay and \$280.6 million of work project authorizations. Such amounts are reserved because the funds are legally segregated for a specific purpose.

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Construction and debt service reserves represent amounts which are restricted for State Trunkline Fund's debt service and State Building Authority projects that are in process.

Reserves for revolving loan programs represent fund balance which has been appropriated for the purpose of making loans that will encourage economic development in the State. Repayments on such loans are authorized to be used to make new loans.

Funds held as permanent investments represent amounts that have been legally restricted for the purpose of providing a long-term source of investment income. These investments can include either specific investments held for the fund or portions of the fund's share of the common cash pool.

Reserves are recorded for noncurrent assets if they do not represent current financial resources available for appropriation. No reservation is recorded for noncurrent assets if doing so would result in a duplicate reduction of unreserved fund balance. This occurs if the noncurrent assets have already been reserved for some other reason or if they are related to revenues that have been deferred because of not being "available."

The State does not record any reservations in expendable trust funds because the balances are all considered available for the purposes of the various funds. Also, no reservations of fund balances are recorded in single purpose special revenue and debt service funds. From the overall State perspective, the unreserved fund balances of funds other than the General Fund are restricted by the nature of the fund type and they are not available for general State purposes.

## **B. Reservations - Component Units**

The line entitled "Reserved fund balance" on the Combined Balance Sheet consists entirely of reserves for restricted funds of State universities totaling \$230.6 million.

## **C. Fund Deficits**

Except for the funds described below, all governmental and fiduciary funds have positive ending unreserved fund balances.

The Michigan Underground Storage Tank Financial Assurance Fund, a special revenue fund, had an unreserved fund deficit of \$35.8 million. The deficit was caused by appropriations and payment of claims which exceeded revenue to date.

The Michigan Underground Storage Tank Financial Assurance Finance Authority, a special revenue fund, had an unreserved fund deficit of \$173 thousand. The deficit was caused by the issuance of short-term notes to provide temporary financing for the activities of the MUSTFA Fund.

The State Casino Gaming Fund, a special revenue fund, had an unreserved fund deficit of \$9.0 million. The deficit was caused by the issuance of a short-term advance to provide temporary financing of start-up costs. The advance will be repaid as the temporary casinos become operational.

The Michigan Veteran's Trust Fund, a special revenue fund, had an unreserved fund deficit of \$171 thousand. The deficit was caused by the decline in the value of the investment portfolio.

The School Bond Loan Fund, a special revenue fund, had an unreserved fund deficit of \$13.9 million. This deficit was the result of issuance of bond anticipation notes for which bonds had not been issued by year-end.

The Advance Financing Funds, a capital projects fund, had an unreserved fund deficit of \$59.1 million. The deficit was caused by expenditures for projects for which bonds have not yet been issued and for expenditures incurred to improve State-owned sites which have not been sold.

The State Building Authority, a capital projects fund, had an unreserved fund deficit of \$469.1 million. The deficit was primarily caused by the issuance of commercial paper.